



NEWS RELEASE

UNITED STATES ATTORNEY'S OFFICE
WESTERN DISTRICT OF VIRGINIA

Julia C. Dudley
United States Attorney

Brian McGinn
Public Affairs Specialist

BB&T Building
310 First Street, S.W., Room 906
Roanoke, Virginia 24011-1935
Phone: (540) 857-2974
FAX: (540) 857-2179

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CROZET MAN PLEADS GUILTY TO RUNNING PONZI SCHEME

*John Donnelly Has Taken Responsibility for Taking Over \$5 Million
From More Than 30 Investors*

United States Attorney Julia C. Dudley announced today that John Mark Donnelly, age 52, of Crozet, Virginia, pled guilty in the United States District Court for the Western District of Virginia in Charlottesville today to an information charging him with numerous illegal activities related to a Ponzi scheme that bilked victims of more than \$5 million.

Donnelly, who was arrested on a criminal complaint March 11, 2009, today waived his right to indictment and instead entered a guilty plea to a four-count information. The defendant pled guilty to one count of wire fraud, one count of securities fraud, one count of fraud in connection with futures contracts, and one count of impeding the administration of the internal revenue laws.

“John Donnelly looked his friends, neighbors, co-workers and strangers in the eye and lied to them. He lied to them and then he took their money, in some instances their life savings. He did this knowing that in all likelihood they would never see that money again. And he did it all in the name of greed, to line his own pockets and live a lavish lifestyle,” United States Attorney Julia C. Dudley said today. “However, like all Ponzi schemes, the house of cards, built on lies, can only stand for so long. When the money ran out and investors started asking questions, Mr. Donnelly was exposed for what he is, a fraud.”

According to information entered into the record today in U.S. District Court by Assistant United States Attorney Ronald Huber, Donnelly, through numerous corporations and partnerships that he had established, devised a scheme to defraud and obtain money from investors through false pretenses.

Specifically, Donnelly devised and marketed a complex securities and futures market

trading strategy and told investors he would be investing their money using this strategy. However, the money received by Donnelly was almost never traded and was actually distributed to other investors.

In order to maintain the scheme, Donnelly sent monthly statement to investors showing fictitious returns. The defendant also sent annual 1099-INT, 1099-MISC and K-1 tax forms to investors. These forms caused many investors to pay income taxes on their fictitious investment returns.

More than 30 investors entrusted more than \$5 million to Donnelly between 1998 and 2009. At the time of his March 11, 2009 arrest, the defendant was in the process of raising additional funds from new investors based on fictitious returns previously reported to defrauded investors.

The maximum penalty faced by the defendant is 48 years incarceration and/or a fine of up to \$5,755,000.

The investigation of the case was conducted by the Federal Bureau of Investigation, the United States Department of Justice Tax Division, the Internal Revenue Service, the Security Exchange Commission and the Commodities Future Trading Commission. Assistant United States Attorneys Stephen Pflieger and Ronald Huber are prosecuting the case for the United States, they are being assisted by Department of Justice Tax Division Trial Attorney Gregory Bockin.

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